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## SENATE BILL No. 350

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### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 21-3-3.2; IC 21-3-3.3.

**Synopsis:** Debt service and capital projects funds. Provides a state distribution to the capital projects and debt service funds of each school corporation. Requires a school corporation to reduce its capital project and debt service fund levies by the amount of the state distribution. Makes an appropriation.

**Effective:** July 1, 2003; January 1, 2004.

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### Bowser

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January 15, 2003, read first time and referred to Committee on Education and Career Development.

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First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

## SENATE BILL No. 350

A BILL FOR AN ACT to amend the Indiana Code concerning education finance and to make an appropriation.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 21-3-3.2 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
3 JANUARY 1, 2004]:

4 **Chapter 3.2. Distribution for Capital Projects Support**

5 **Sec. 1. As used in this chapter, "assessed valuation" has the**  
6 **meaning set forth in IC 6-1.1-1-3.**

7 **Sec. 2. As used in this chapter, "current ADM" has the meaning**  
8 **set forth in IC 21-3-1.6-1.1.**

9 **Sec. 3. As used in this chapter, "school corporation" has the**  
10 **meaning set forth in IC 21-2-15-3.**

11 **Sec. 4. Subject to section 6 of this chapter, the department of**  
12 **education shall distribute the amount determined under section 5**  
13 **of this chapter to each school corporation for capital projects**  
14 **support.**

15 **Sec. 5. The state distribution for a calendar year for capital**  
16 **projects support for a school corporation equals the result**  
17 **determined using the following formula:**



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**STEP ONE: Multiply the school corporation's current ADM by three hundred ten thousand dollars (\$310,000).**

**STEP TWO: Divide the STEP ONE result by the school corporation's most recent adjustment factor, as determined by the department of local government finance under IC 6-1.1-34.**

**STEP THREE: Determine the greater of zero (0) or the result of:**

(A) the STEP TWO result; minus

(B) the school corporation's assessed valuation for the assessment date in the calendar year immediately preceding the current calendar year.

**STEP FOUR: Determine the lesser of two thousandths (0.002) or the result of:**

(A) the school corporation's certified capital projects fund levy for the current calendar year, before the reduction under this chapter; divided by

(B) the STEP TWO result.

**STEP FIVE: Multiply the STEP FOUR result by the STEP THREE result.**

**Sec. 6. (a) If the total amount to be distributed in 2004 to all school corporations as capital projects support under this chapter exceeds eighty million four hundred sixty-three thousand dollars (\$80,463,000), the amount to be distributed for capital projects support under this chapter to each school corporation during the last six (6) months of the calendar year shall be reduced by the same dollar amount per current ADM (as adjusted under IC 21-3-1.6-1.1) so that the total reductions equal the amount of the excess.**

**(b) If the total amount to be distributed in 2005 to all school corporations as capital projects support under this chapter exceeds eighty million four hundred sixty-three thousand dollars (\$80,463,000), the amount to be distributed for capital projects support under this chapter to each school corporation during the last six (6) months of the calendar year shall be reduced by the same dollar amount per current ADM (as adjusted under IC 21-3-1.6-1.1) so that the total reductions equal the amount of the excess.**

**Sec. 7. The department of education shall distribute capital projects support distributions under this chapter at the same time and in the same manner as tuition support distributions under IC 21-3-1.7.**



1        **Sec. 8.** A school corporation may use a distribution under this  
 2 chapter for any purpose for which a capital projects fund may be  
 3 used under IC 21-2-15-4.

4        **Sec. 9.** Each calendar year, the department of local government  
 5 finance shall reduce the certified capital projects fund levy of a  
 6 school corporation by an amount equal to the distribution that the  
 7 school corporation is eligible to receive under this chapter for that  
 8 calendar year.

9        **Sec. 10.** This chapter expires January 1, 2006.

10        **SECTION 2.** IC 21-3-3.3 IS ADDED TO THE INDIANA CODE  
 11 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
 12 JANUARY 1, 2004]:

13        **Chapter 3.3. Distribution for Debt Service Support**

14        **Sec. 1.** As used in this chapter, "assessed valuation" has the  
 15 meaning set forth in IC 6-1.1-1-3.

16        **Sec. 2.** As used in this chapter, "current ADM" has the meaning  
 17 set forth in IC 21-3-1.6-1.1.

18        **Sec. 3.** As used in this chapter, "school corporation" has the  
 19 meaning set forth in IC 21-2-15-3.

20        **Sec. 4.** Subject to section 6 of this chapter, the department of  
 21 education shall distribute the amount determined under section 5  
 22 of this chapter to each school corporation for debt service support.

23        **Sec. 5.** The state distribution for a calendar year for debt service  
 24 support for a school corporation equals the result determined using  
 25 the following formula:

26        **STEP ONE:** Multiply the school corporation's current ADM  
 27 by three hundred ten thousand dollars (\$310,000).

28        **STEP TWO:** Divide the STEP ONE result by the school  
 29 corporation's most recent adjustment factor, as determined  
 30 by the department of local government finance under  
 31 IC 6-1.1-34.

32        **STEP THREE:** Determine the greater of zero (0) or the result  
 33 of:

34        (A) the STEP TWO result; minus

35        (B) the school corporation's assessed valuation for the  
 36 assessment date in the calendar year immediately  
 37 preceding the current calendar year.

38        **STEP FOUR:** Determine the lesser of three thousandths  
 39 (0.003) or the result of:

40        (A) the sum of:

41        (i) the school corporation's certified debt service fund  
 42 levy for the current calendar year, before the reduction

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under this chapter; plus

(ii) the amount of the average daily attendance flat grant that the school corporation will receive under IC 21-3-4.5-1 during the calendar year; divided by

(B) the STEP TWO result.

STEP FIVE: Multiply the STEP FOUR result by the STEP THREE result.

Sec. 6. (a) If the total amount to be distributed in 2004 to all school corporations as debt service support under this chapter exceeds ninety-one million two hundred sixty-five thousand dollars (\$91,265,000), the amount to be distributed for debt service support under this chapter to each school corporation during the last six (6) months of the calendar year shall be reduced by the same dollar amount per current ADM (as adjusted under IC 21-3-1.6-1.1) so that the total reductions equal the amount of the excess.

(b) If the total amount to be distributed in 2005 to all school corporations as debt service support under this chapter exceeds ninety-one million two hundred sixty-five thousand dollars (\$91,265,000), the amount to be distributed for debt service support under this chapter to each school corporation during the last six (6) months of the calendar year shall be reduced by the same dollar amount per current ADM (as adjusted under IC 21-3-1.6-1.1) so that the total reductions equal the amount of the excess.

Sec. 7. The department of education shall distribute debt service support distributions under this chapter at the same time and in the same manner as tuition support distributions under IC 21-3-1.7.

Sec. 8. A school corporation may use a distribution under this chapter for any purpose for which a debt service fund may be used under IC 21-2-4-2.

Sec. 9. Each calendar year, the department of local government finance shall reduce the certified debt service fund levy of a school corporation by an amount equal to the distribution that the school corporation is eligible to receive under this chapter for that calendar year.

Sec. 10. This chapter expires January 1, 2006.

SECTION 3. [EFFECTIVE JULY 1, 2003] (a) There is annually appropriated, beginning July 1, 2003, and ending June 30, 2005, from the state general fund to the department of education an amount sufficient to make the distributions under IC 21-3-3.2 and

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1 **IC 21-3-3.3, both as added by this act.**

2 **(b) This SECTION expires June 30, 2005.**

3 **SECTION 4. [EFFECTIVE JULY 1, 2003] (a) Notwithstanding**  
4 **IC 21-3-3.2 and IC 21-3-3.3, both as added by this act, and not later**  
5 **than January 1 of each year, the department of education shall**  
6 **report to the department of local government finance the following**  
7 **information for each school corporation:**

8 **(1) Current ADM (as defined in IC 21-3-1.6-1.1).**

9 **(2) The amount of average daily attendance flat grants under**  
10 **IC 21-3-4.5-1.**

11 **(b) This SECTION expires January 2, 2005.**

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